

FIRST REGULAR SESSION

SENATE BILL NO. 466

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR VOGEL.

Read 1st time February 28, 2005, and ordered printed.

TERRY L. SPIELER, Secretary.

1870S.01I

AN ACT

To repeal sections 104.403 and 104.404, RSMo, and to enact in lieu thereof three new sections relating to state employee retirement incentive, with an emergency clause.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 104.403 and 104.404, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 104.403, 104.404, and 104.405, to read as follows:

104.403. 1. Any state employee [or retiree] who retires pursuant to section 104.404, and who is also eligible for medical coverage as described in section 103.115, RSMo, shall be eligible to apply for the following coverage:

(1) Such retiree may elect to continue coverage for himself or herself and any eligible dependents at the same cost as if such retiree was an active employee;

(2) Such retiree may continue to pay the applicable rate as if the retiree were an active employee for a maximum period of five years or upon becoming eligible for Medicare, whichever occurs first; and

(3) After five years or upon becoming eligible for Medicare, the cost for medical coverage for such retiree and any dependents shall revert to the applicable rate in place at that time.

2. Any employee [or retiree] of a participating member agency who retires pursuant to section 104.404 shall only be eligible to have the provisions of subsection 1 of this section applied to his or her coverage if the governing body of the participating member agency elects to provide such benefits.

3. The governing boards of Truman State University, Lincoln University, the

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

educational institutions described in section 174.020, RSMo, the highway commission that governs the health care plans of the Missouri department of transportation and the Missouri state highway patrol, and the conservation commission of the department of conservation may elect to provide its employees or retirees who retire pursuant to section 104.404 the same benefits as described in subsection 1 of this section under the respective medical plans of those institutions and departments. [If the highway commission elects to provide retirees the benefits of this section, any special consultant pursuant to section 104.515 who is a member of the Missouri department of transportation and Missouri state highway patrol medical and life insurance plan and who retired on or after February 1, 2003, but prior to July 1, 2003, shall be eligible to receive the benefits of this section.]

104.404. 1. An employee **currently active on the effective date of this act** who has not been a retiree of the system in which such employee is currently receiving creditable or credited service, who is eligible to receive a normal annuity pursuant to section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity pursuant to section 104.1024, and whose annuity commences no later than September 1, [2003] **2005**, shall be eligible to receive the medical benefits described in section 104.403.

[2. An employee who would be eligible to receive a normal annuity pursuant to section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity pursuant to section 104.1024, no later than January 1, 2004, shall be eligible to retire based on the employee's creditable or credited service and the average compensation or final average pay on the employee's date of termination of employment if the employee applies to retire and whose annuity commences no later than September 1, 2003. Such employee who so retires shall be eligible to receive the medical benefits described in subsection 1 of this section.

3. Any employee described in subsections 1 and 2 of this section who otherwise would be eligible to elect to receive benefits under the provisions of sections 104.625 and 104.1024, by no later than January 1, 2004, shall be eligible to elect to receive benefits pursuant to sections 104.625 and 104.1024; except that in no event shall a lump sum payment be made for any time period after the employee's annuity starting date.

4. A retiree whose retirement annuity commenced on or after February 1, 2003, but no later than September 1, 2003, shall be eligible to receive the medical benefits described in section 104.403.]

[5.] **2.** The state may hire employees to replace those employees retiring pursuant to this section and section 104.403 **and section 104.405**, except that departments shall not fill more than twenty-five percent of those positions vacated. Exceptions to the twenty-five percent restriction may be made for critical or seasonal positions or positions which are entirely federally funded. Such determination shall be made by rule and regulation promulgated by the office of administration. The provisions of this subsection shall not apply

to Truman University, Lincoln University or the educational institutions described in section 174.020, RSMo.

[6.] **3.** Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, [2003] **2005**, shall be invalid and void.

[7. The Missouri state employees' retirement system and the highways and transportation employees' and highway patrol retirement system shall make a report in writing to the governor, commissioner of administration, and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the effect of state employee retirements pursuant to this section and section 104.403. The report shall cover the time period of February 1, 2003, to January 31, 2004. The report shall include the number of such retirements, the amount of payroll affected as a result of retirements, and the financial effect of such retirements as expressed in a report by each system's actuary.

8. The office of administration shall make a report in writing to the governor and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the budgetary effect of state employee retirements pursuant to this section and section 104.403. The report shall include the amount of payroll reduced as a result of such retirements, the number of positions that are core cut as a result of such retirements, the number of employees employed to replace those who retired pursuant to this section, and the financial effect on the budget, including any costs associated with payment of medical premiums by the state.

9. The Missouri consolidated health care plan shall make a report in writing to the governor and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the effect of state employee retirements pursuant to this section and section 104.403. The report may include, and not be limited to, the amount of payroll reduced as a result of such retirements, the number of positions that are core cut as a result of such retirements, the number of employees employed to replace those who retired pursuant to this section, and the financial effect on the budget, including any costs associated with payment of medical premiums by the state.]

104.405. 1. Notwithstanding any other provision, a member who has attained years of age and years of credited service which equal seventy-eight or more years shall be entitled to retire and receive a normal annuity as calculated pursuant to sections 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any

temporary annuity pursuant to section 104.1024, if the member applies to retire and such annuity commences on or after May 1, 2005, but no later than September 1, 2005. The provisions of this section shall not apply to members of the general assembly or statewide elected officials.

2. For purposes of meeting eligibility requirements in subsection 1 of this section, a member shall be entitled to creditable service for any unused sick leave calculated in accordance with the provisions of section 104.601.

3. In addition to a normal annuity or a life and temporary annuity provided in this section, any member who is also eligible for medical coverage as described in section 103.115, RSMo, shall be eligible to apply for the following coverage:

(1) Such retiree may elect to continue coverage for himself or herself and any eligible dependents at seventy percent of the same cost as if such retiree was an active employee;

(2) Such retiree may continue to receive seventy percent of the applicable rate as if the retiree were an active employee for a maximum period of five years or upon becoming eligible for Medicare, whichever occurs first; and

(3) After five years or upon becoming eligible for Medicare, the cost for medical coverage for such retiree and any dependents shall revert to the applicable rate in place at that time.

4. Any employee of a participating member agency who retires pursuant to this section, shall only be eligible to have the provisions of this section applied to his or her coverage if the governing body of the participating member agency elects to provide such benefits.

5. The governing boards of Truman State University, Lincoln University, the educational institutions described in section 174.020, RSMo, the highway commission that governs the health care plans of the Missouri department of transportation and the Missouri state highway patrol, and the conservation commission of the department of conservation may elect to provide its employees who retire pursuant to this section, the same benefits as described in subsection 3 of this section under the respective medical plans of those institutions and departments.

6. An employee making an election pursuant to the provisions of this section, section 104.403 and section 104.404 with annual leave accruals in excess of two thousand dollars pursuant to section 36.350, RSMo, shall receive payment for such accruals over a two-year period, with the first payment payable on July 1, 2005 and the second and final payment payable on July 1, 2006. These payments may be distributed and rolled over into the employee's section 457 deferred compensation plan.

7. Any employee making an election pursuant to the provisions of this section, section 104.403 and section 104.404, shall be prohibited from any employment with any department as defined in this chapter for a period of two years from the date of election.

Section B. Because of the need to address the current fiscal crisis, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect upon its passage and approval.

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